



RHNA 6 Collaboration

C/CAG Board Meeting October 10, 2019

Options for RHNA 6 Collaboration

- **Undertake a full sub-region effort** (estimated 500-700 21 Elements hours)
- ~~■ **Form a sub-region but rely on ABAG/MTC methodology and allocation of RHNA** (estimated 250-300 21 Elements hours)~~
- ✳ **Enhanced collaboration in-lieu of sub-region** (reallocate 21 Elements hours to provide assistance to jurisdictions on housing element preparatory work)

Important Considerations

- **Housing Element Certification is Critical.**
- **Higher RHNA.** We estimate 50%-200%+ higher.
- **Fewer Sites.** More strict counting of RHNA sites.
- **Who Will Want a Higher RHNA?** Limited desire and ability to “trade” RHNA.
- **Sense of Urgency.** Timing and likelihood of land use changes needed to address RHNA. Plus, housing elements must be adopted by December 2022.
- **100% Collaboration is Important.** Strategic, clear messaging and strength of working together.

Immediate 21 Elements Housing Element Collaboration Work

- Informational materials
- Presentations and materials
- Information flow and collaboration
- Other background materials
- Housing sites assessment
- Development types feasibility
- Special issues study and materials
- Possible countywide strategies
- Regional discussions collaboration
- Peer sharing/learning

Housing Element Fact Sheet

What is RHNA?

Regional Housing Needs Allocation — prepared September 24, 2019

Since 1969, the State of California has required that local governments adequately plan to meet their fair share of the housing needs of the region through adoption of a state-approved housing element as part of their general plan to serve as the local government's "blueprint" for how the city and/or county will grow and develop. The next housing element period in the Bay Area will run from 2023 to 2031.

The RHNA is the state-required process that seeks to ensure cities and counties are planning for enough housing to accommodate their fair share of housing for all economic segments of the community. Development of the RHNA will be undertaken in parallel with ABAG preparing Plan Bay Area 2050, which is a long-range plan charting the course for the future of the nine-county San Francisco Bay Area. Plan Bay Area 2050 will focus on four key issues — the economy, the environment, housing, and transportation — and will identify a path to make the Bay Area more equitable for all residents. The RHNA process is split into four basic steps.

Step #1 — Regional Housing Determination: The California Department of Housing and Community Development (HCD) provides each region, such as the Bay Area, a regional determination of housing need, which includes a total number of units split into four income categories (very low, low, moderate and above moderate income). HCD is expected to release the regional housing determination for the Bay Area in April 2020. Dramatic increases in the range of 100-225% are expected due to recent changes in state housing law.

Step #2 — RHNA Methodology: Councils of Governments are then responsible for developing a RHNA Methodology for allocating the overall regional determination to each jurisdiction in the region. This methodology must further a series of state objectives and address specific factors identified in state law. ABAG, which stands for the Association of Bay Area Governments, is the designated Council of Governments in the Bay Area. ABAG is expected to work on the methodology through a public process beginning October 2019 and finishing by January 2021.

Step #3 — Allocating the Regional Housing Need (RHNA): ABAG then uses the methodology developed in step #2 to distribute the regional housing determination from HCD to all the cities in the nine-county Bay Area region. This distribution is called the RHNA. The draft RHNA is expected to be available in January 2021, with adoption of the Final RHNA Plan by July 2021.

Step #4 — Housing Element Updates: All jurisdictions must adopt an updated housing element by December 2022 that demonstrates, among other things, how it can accommodate its assigned RHNA number through its zoning and general plan. HCD will review each jurisdiction's housing element for compliance with state housing law.

Sub-Region Option: Local jurisdictions in a county can choose to form a Sub-Region to create their own methodology and to allocate the RHNA numbers assigned by ABAG, but they cannot reduce their overall RHNA numbers. In the past, this has allowed San Mateo County cities to trade some responsibility for housing units, but trades are unlikely now given the dramatic increases in RHNA that are expected.

Housing Element Fact Sheet

Why is Housing Element "Certification" Important?

Prepared October 2, 2019

As part of the legislature's housing package of 2017 were several bills that clarify and strengthen existing laws and increase accountability and enforcement related to housing element content and implementation. As a result, local consistency with state law is even more critical and the California Department of Housing and Community Development (HCD) has more enforcement power to make sure this happens.

The consequences of non-compliance with the Housing Element law now include among other things, court actions with penalties up to \$600,000 per month, loss of eligibility for millions of dollars of regional and state funding, having to prepare your housing element every four years, eight, and risk of your General Plan being deemed non-compliant.

The summary below covers some of the consequences of non-compliance in more detail.

Summary of Possible Actions and Consequences of Housing Element Non-Compliance

1. **Cities Can Be Sued.** Cities can be sued for having out of compliance housing elements. The results of lawsuits include:
 - a. **Loss of Local Control** — Courts have at times blocked the ability of cities to issue non-residential building permits.
 - b. **Fines** — Courts can impose fines starting at \$10,000 per month and increasing to as much as \$600,000 per month.
2. **Reduced Access to Funding.** There are a number of sources of funding tied to have a certified housing element. These include:
 - a. **Reduced Access to State Funding.** No access to certain housing funding from Proposition 1 (such as SB2 Technical Assistance and Planning Grants), no access to certain cap and trade dollars, the Infill Incentive Grant Program of 2007 and no access to certain transportation planning grants.
 - b. **Reduced Access to Regional Funding (OBAG 1 and OBAG 2 Examples).** Under OBAG 1 (roughly \$20 million allocated for San Mateo County jurisdictions) are subject to a housing element requirement. For example, Menlo Park and Millbrae

DRAFT

DRAFT

Preliminary RHNA 6 Site Analysis for Burlingame

11/29/2018

Disclaimer

This is a new law and the State has not provided guidance on interpretation. These conclusions are draft and may change.

Background

Recent change in State law have altered the rules governing the adequate sites analysis/sites inventory for Housing Elements. Specifically, AB1397 limits which sites can be used in future housing element cycles and require specific zoning if sites are redeveloped in multiple housing elements.

There are two major changes:

- ☐ **Increased Scrutiny** – Small (less than 0.5 acres) (greater than 1 acre) and large cases non-vacant sites will face increased scrutiny. Cities will have to overcome a presumption that these sites will not redevelop in the Housing Element period by showing clear evidence to the contrary (e.g. a signed letter from the property owner stating an intention to building housing.)
- ☐ **Need to Rezone** – Vacant sites that have been listed in two consecutive housing elements or non-vacant sites that have been listed in a prior housing element will need to be rezoned to the default density (usually 30 DUA for San Mateo County). Additionally, 20% of units must be affordable housing and housing must be allowed by right.

Two other new laws add to the challenges for cities: (1) Cities will need to maintain housing capacity to meet all income levels in their RHNA throughout the entire Housing Element cycle; and (2) RHNA's will likely be much higher in the next cycle.

Methodology to Assess Burlingame's Housing Sites Inventory

The methodology used to review Burlingame's housing sites involved the following steps: (1) download the housing sites inventory results from Burlingame's 2015-2023 Housing Element; (2) review sites against the new criteria for housing sites established in state law for RHNA 6; and (3) tabulate the results. A key question is to update the list of sites to determine what land has been developed since the last site inventory was prepared so they can be removed from the updated inventory of housing sites?

Preliminary Conclusions of Burlingame's Sites Inventory

In the fifth Housing Element cycle, Burlingame had a RHNA of 863 units, and the ability to 1,355 units on 77 sites. This is shown in the table below.

City		Burlingame
Default Density		30
Lower-Income RHNA		420

Non-Vacant Sites Threshold	
Will non-vacant sites face increased scrutiny	Yes
Percent of lower income RHNA met by units on vacant sites	0%

Note: The definition of vacant might change which may result in more sites facing

	Sites	Units
Vacant - Total	0	0
Vacant - Lower Income	0	0
Non-Vacant - Total	76	1150
Non-Vacant - Lower Income	72	1146
Total	76	1150

Small and Large Sites Facing Increased Scrutiny (Lower Income)		
Small (<0.5 acres)	49	320
Large (>10 acres)	0	0

Reusing Sites Used in Previous Housing Elements		
Can be used again with no changes	0	0
Must be upzoned to default density & by right if 20% affordable	4	4
Already zoned to the default density and must be by right if 20% affordable	72	1146

apn	locapn	zoning	Gross Acres
029-232-030	29232030	CAR	0.15
029-222-040	29222040	HMU	0.109
029-222-030	29222030	HMU	0.121
029-222-180	29222180	HMU	0.132
029-221-030	29221030	HMU	0.148
029-222-050	29222050	HMU	0.265
029-232-160	29232160	CAR	0.32



Affordability of Secondary Dwelling Units

21 Elements

Recommendation

Rents and Affordability

Overall, secondary units are a more affordable option for lower income households, largely because approximately 25-55 percent of secondary units are available for free to family members or domestic workers. After reviewing all available data, this study makes the following conclusions:

- Approximately 25-60 percent of secondary units are affordable to Extremely Low Income households.
- An additional approximately 10-25 percent of secondary units are affordable to Very Low Income households.
- Another approximately 15-20 percent of secondary units are affordable to Low Income households.
- Approximately 10-20 percent more of secondary units are affordable to Moderate Income households.

The data from Craigslist represents a more conservative estimate applicable to most jurisdictions in San Mateo County. However, for jurisdictions that are similar to Hillsborough in size and affordability, the Hillsborough data may be more applicable.

Defining Affordability

The U.S. Department of Housing and Urban Development (HUD) and the California Department of Housing and Community Development (HCD) use household income categories to help standardize analysis of housing needs. The income categories are summarized below and are based on a household's percentage of San Mateo County's area median income.

HCD uses these categories, sometimes with minor adjustments, to establish the annual numerical income limits for San Mateo County, also listed below.

Under San Mateo County's definition, a household pays 30 percent or less of their annual gross income on housing. The definition of affordable housing therefore shifts with income category and household size, as well as geography.

According to the HUD/HCD income limits and HUD's definition of affordability, the maximum affordable rents for lower income households in San Mateo County are as follows:

San Mateo County Affordability Definition and Limits 2014					
		Annual Income Limit		Maximum Affordable Monthly Rent	
Income Category	HUD Definition	One Person Household	Two Person Household	One Person Household	Two Person Household
Extremely Low	Below 30% of area median income	\$23,750	\$27,150	\$594	\$679
Very Low	30%-50% of area median income	\$39,600	\$42,250	\$990	\$1,056
Low	50%-80% of area median income	\$63,350	\$72,400	\$1,584	\$1,810
Moderate Income	Above 120% of area median income	\$86,500	\$98,900	\$2,163	\$2,473

source: HCD State Income Limits 2014.

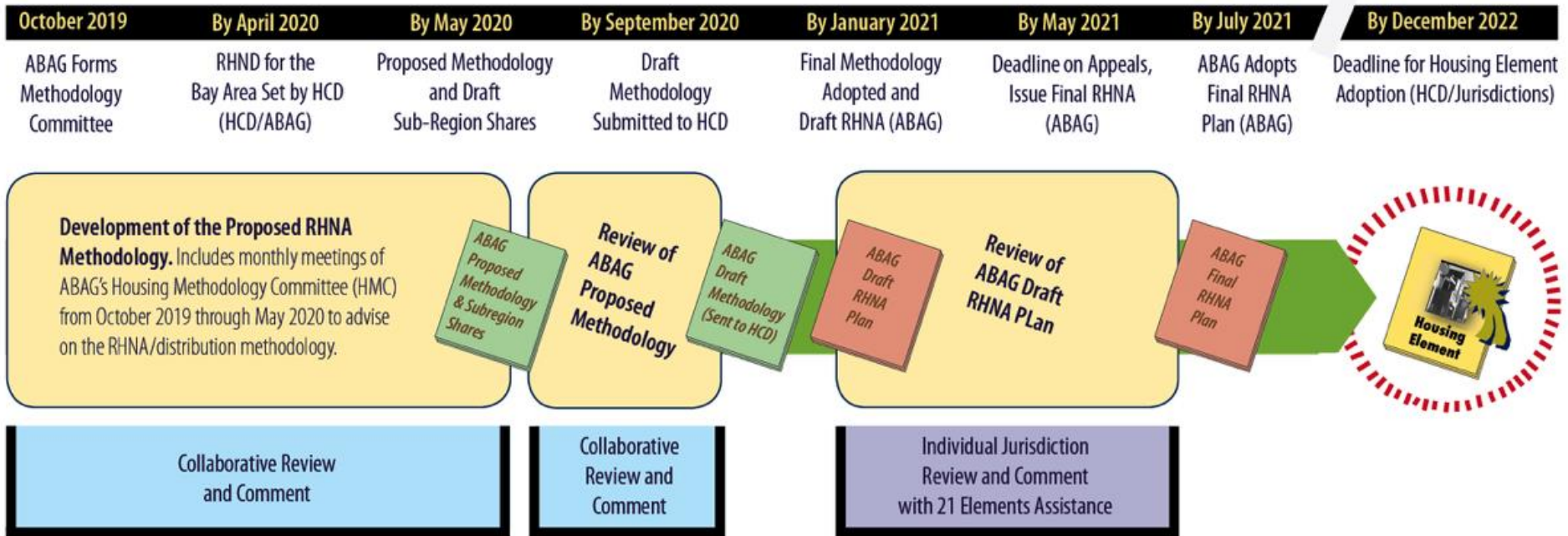
Near-Term Regional Discussions

ABAG Methodology Committee Meetings

- Thursday, October 18, 2019
- Thursday, November 14, 2019
- Thursday, December 19, 2019
- Friday, January 24, 2020
- Tuesday, February 18, 2020
- Thursday, March 12, 2020
- Thursday, April 9, 2020
- Thursday, May 14, 2020

All meetings to be held from 10:00 am to 1:00 pm in Oakland or San Francisco

Schedule and Sequence of Work



METHODOLOGY
(11 months)

RHNA
(7 months)

**HOUSING
ELEMENT
UPDATE**
(18 months)

(36 months total)

Questions from Last C/CAG Board Meeting

■ **How is the Methodology More Strict?**

- ✓ The methodology is the basis for the RHNA and any trading
- ✓ Timing, high RHNA numbers and strictness of the methodology make “trading” difficult
- ✓ Must be consistent with state objectives
 - Increase housing supply
 - Promote infill
 - Jobs/housing — more detailed analysis required)
 - Address lower income disparity
 - Affirmatively furthering fair housing — **NEW**

- ✓ Must address existing and projected jobs and housing relationship (NEW AND CRITICAL)
- ✓ Must address opportunities and constraints
 - Sewer and water capacity
 - Land availability (BUT NOT AS A LIMITATION)
 - Land preservation policies
 - Household growth
 - Growth agreements
 - Loss of assisted units
 - Cost burden (households paying 30%+ for housing)
 - Overcrowding
 - Farmworker housing
 - Loss of housing from state emergencies
 - Greenhouse gas emissions targets
 - Other as determined by the COG

- **What if Fewer Than 100% of Jurisdictions Participate in a Sub-Region?**
 - ✓ San Mateo County must participate and all participating jurisdictions must be contiguous
 - ✓ While not explicit, HCD is OK with the contiguity requirement including the unincorporated county
- **What is the Schedule and Requirements of a Sub-Region?**
 - ✓ Sub-region must follow all steps required of ABAG, including 60-day HCD review of the sub-region methodology
 - ✓ Schedule for sub-region same as for ABAG

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